

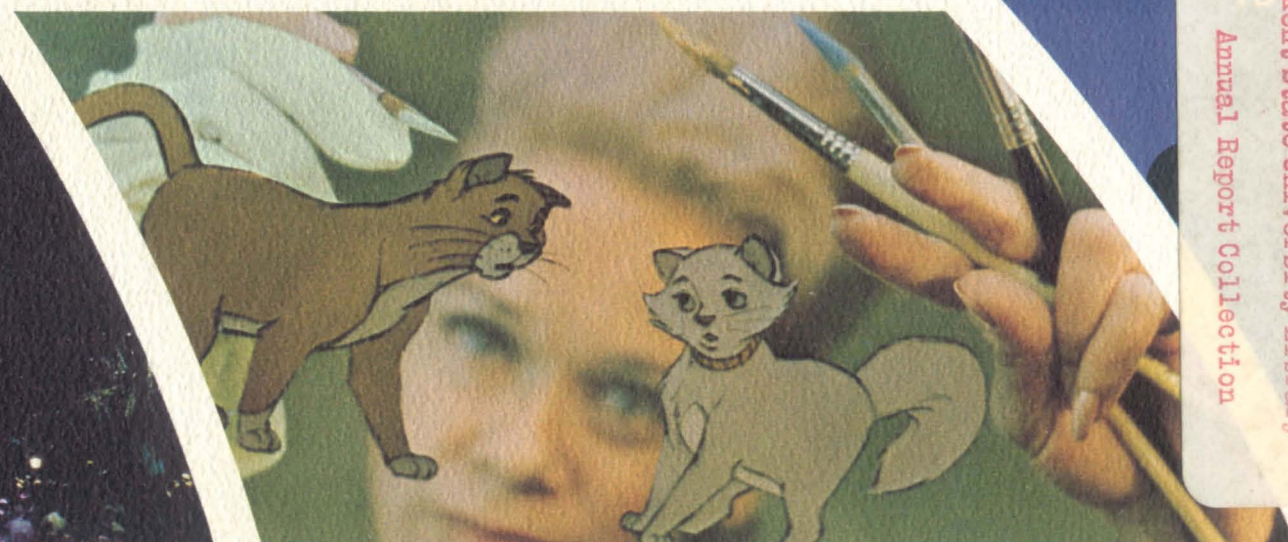
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WALT DISNEY PRODUCTIONS

# ANNUAL REPORT

to shareholders and employees

Fiscal year ended  
September 27



1969

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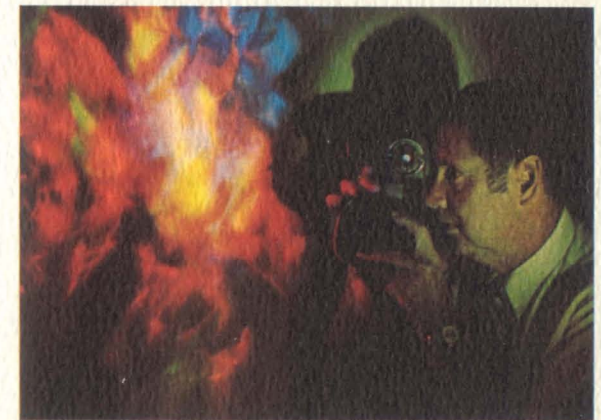
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*"I feel there is no door which, with the kind of talent we have in our organization, could not be opened, and we hope we can continue to unlock these barriers as long as we are in this business..."\**

WALT DISNEY



\*From a statement appearing in the New York Times, December, 1961



## A WORD FROM ROY DISNEY



This has been a most exciting and busy year for Walt Disney Productions. Overall business has been very good in every division of the Company's activities and, especially, in the Motion Picture Division. We have had exceptionally fine results with some of our pictures, together with a fine year at Disneyland Park, as evidenced by our earnings report included herein.

Our activities with respect to the Florida Project have been broadening and increasing rapidly. This ensuing year will be an increasingly busy one with a great deal of building and developing, getting to the point where it will begin to show visual form and dimension.

In November of this year, we held our Board of Directors' meeting at the Walt Disney World site and thoroughly exposed the board members to all the activity, including all costs and other current information. We feel that the entire project is moving along on schedule and all is going well.

During the year the market has been very favorable with reference to the price of the Company's stock so that we were able to call for conversion our \$40,000,000, 4½% Convertible Bonds for a very small cash outlay. This strengthens our Company's overall financial position materially. These are difficult times in matters of financing. The ever-increasing costs of labor and material make it difficult to project realistic cost figures for a period involving two years ahead.

Thus far, we have expended or contracted for over \$40,000,000 of work, all within our budgets. All work, where feasible, is being done on a competitive bidding basis and involves a list of fine contractors and builders. We are trying to be practical and are determined to see Walt Disney World built and opened on a financially sound basis under present day conditions. This, I believe we can accomplish.

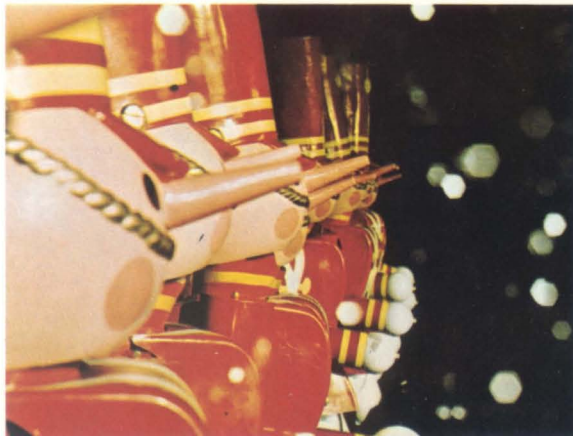
Our overall team responsible for bringing the Florida Project into being is very capable and extremely dedicated to the job. Personally, I feel a great sense of satisfaction in the fact that everything is moving along so well. Our opening date of October 1, 1971, is realistic and will be met.

*Roy D. Disney.*

*Chairman of the Board*



MOTION PICTURES: Among the special promotions for 1969's comedy box office champion was "Love Bug Day" at Disneyland (right), where more than 700 specially decorated Volkswagens competed for the title of "Most Lovable Bug." Highlighting our international release program was "The Jungle Book." In Paris (below right) the film played to a record 928,442 admissions in five theatres.



DISNEY ON PARADE: Famous Disney stories and characters come to life in this, a totally new dimension in arena shows, now making its first national tour of the United States and Canada.





## WALT DISNEY PRODUCTIONS: *The Decade Ahead*

By E. Cardon Walker

Executive Vice President and Chief Operating Officer

On the inside front cover of this Annual Report Walt Disney was quoted as saying, "I feel there is no door which, with the kind of talent we have in our organization, could not be opened . . ."

In addition to being a year of record financial results based upon current operations, 1969 was, in a strong sense, a year of "opening doors"—a year of exploration, "imagineering," planning and preparation for the many challenging and rewarding projects which lie before us in the next decade.

Actually, we have been hard at work diversifying and expanding in the leisure time field since 1955, when we opened Disneyland.

The ideas then being explored at Disneyland—which, at that time was a totally new experiment in family-oriented amusement theme parks—are solid facts today, proved through the handling of 84,000,000 guests. This creative and operational experience stands as the touchstone for everything we are planning for Walt Disney World, now set to open in October, 1971.

Trends which were just beginning to reveal themselves in 1955 are, of course, well identified today. For now it is clearly established that the 1970's will bring increased discretionary spending power, shorter work weeks, with a corresponding increase in leisure time, and a greater interest in "participating" in every form of recreation and entertainment.

The National Industrial Conference Board, for example, predicts that recreational spending will reach \$55.7 billion in 1975.

Statistics indicate that, by the same year, 48% of our population will be under 25 years of age. 21% will be under 10.

However, the greatest percentage growth will have been in the 25-34 age bracket, which will have increased by 40% since 1965. The families in the new households of the 1970's will be headed by the dynamic teenagers of the 1960's.

These facts reinforce, and are reflected in, every area of our planning.

This report, then, is designed to show you how Walt Disney Productions, through an orderly program of internal diversification, is preparing for the decade ahead.

**Motion Picture Distribution** During 1969, three separate events unmistakably demonstrated that a substantial and loyal worldwide audience continues to exist for the type of theatrical product which has so long been identified with the Disney name:

- In the domestic market, *The Love Bug*, a modern, live action comedy-fantasy about an enchanted little car, set an explosive box office pace which now enables us to project a domestic gross of \$16,000,000. *The Love Bug* ran ahead of our grosses on *Mary Poppins* in numerous situations, and has become the second highest grossing domestic film in our history, thereby winning itself a place on Variety's list of 20 all-time box office champions.
- *The Jungle Book*, our most recent full-length animated feature, is now in worldwide release, and its foreign gross is estimated to reach \$11,500,000, which is just slightly ahead of its domestic performance. All in all, worldwide revenues from *The Jungle Book* may reach \$23,000,000, making the film the most successful animated feature in our history.
- Our February re-issue in the domestic market was the exciting adventure tale, *Swiss Family Robinson*, and it quickly became the biggest re-issue story in our history, grossing \$6,400,000. The picture, which previously had been fully amortized, provides still another example of the timeless value of our extensive film library.

In Japan, the company has entered into an agreement to distribute the motion pictures of Avco-Embassy—an agreement which will serve to increase the profitability of our own releases in that country. Similar arrangements are now being explored in other markets.

Ron Miller, our Executive Producer for both motion pictures and television, will describe our 1970 theatrical program and future production plans in detail later on in this Report.

**Disney on Parade** In response to what we saw as a great need for a totally new dimension in entertainment for indoor arenas like New York's Madison Square Garden and the Los Angeles Sports Arena, Walt Disney Productions has joined with the National Broadcasting Company's Enterprises Division to co-produce "Disney on Parade."

Combining all of the resources of the Disney organization—famous costume characters from Disneyland, excerpts from our classic motion pictures, outstanding professional acts, music, choreography and magical illusions—this two-and-one-half-hour "entertainment spectacular" features more than 100 famous Disney characters in "live cartoons" and stage adaptations of such familiar Disney tales as *Cinderella*, *Dumbo*, *Alice in Wonderland*, *Peter Pan* and *The Jungle Book*.

During its first season, the show, which had its world premiere in Chicago on Christmas night, will travel to 27 cities across the United States and Canada, most of which have arenas seating 5,000 or more.

Under development for more than a year, "Disney on Parade" represents a major diversification for our organization, and opens to us a new field of endeavor for further development in future years.

### **Merchandising, Publishing, Music and Records**

All of these areas of the company enjoyed record or near record revenues during 1969.

Spurred by the excellent performance of standard catalog items, a popular premium album for Gulf Oil, and continuing improvement in the direct mail sale of record offers, our music and record companies enjoyed the second best years in their history—second only to 1965, when they released the *Mary Poppins* score.



In Europe, where *The Jungle Book* is currently in release, sales of the sound track album have been on a par with *Mary Poppins*. 125,000 copies of the "Jungle Book" LP have been purchased in Sweden alone, more than any other album has ever sold in that country.

In the field of merchandising, the results from four years of cautious, long range testing indicate that direct mail offers a dynamic new concept for the marketing of Disney records, books and merchandise during the years ahead.

This program began with the introduction of several Disney "story-telling" record offers, which, during the past year, contributed \$2,500,000 to the gross revenues of our music company.

Next, a four-volume set of books entitled "The Four Wonderful Worlds of Walt Disney" was test marketed. Published on a royalty basis by the Golden Press, these books combine 58 famous Disney stories in more than 1,000 full-color pages. During the past three years, more than 1,000,000 sets have been sold in the United States alone. These books are now being merchandised on a royalty basis through a network of publishers in Europe, the Far East and South America.

Other direct mail projects now under development will market a wide variety of Disney merchandise, including a second four-volume set of books, which will be ready in 1970.

**The Walt Disney Educational Materials Company**  
Although Disney-produced educational materials may now be found in virtually every major American school system, our commitment to the expanding audio-visual field was formalized during 1969, with the establishment of a new, wholly-owned subsidiary, the Walt Disney Educational Materials Company.

This subsidiary has also assumed the responsibility for our 16mm film rental program, and for the marketing of 8mm excerpts from classic Disney films for use in the home. Silent 8mm sequences from animated and live action features and cartoon subjects are now being packaged for direct sale to the public

through photographic and camera stores. First year retail sales estimated at \$1,000,000 indicate a bright future for 8mm home entertainment.

A major line of educational products has been developed for introduction during 1970, which includes 35mm film strips in both silent and sound format; 8mm single concept "loops" packaged in cartridge, or "cassette," form; study prints for use as teaching aids in the elementary classroom, featuring full color reproductions of original paintings by Disney artists; and a wide range of 16mm films produced for the educational field by the Disney organization.

Recently completed under the sponsorship of the Upjohn Company were four films on "Physical Fitness and Good Health." Now in production are five film subjects designed to stimulate elementary classroom discussions on such human values as loyalty, honesty and thoughtfulness.

Audio-visual materials backed by the Disney name have been enthusiastically received by teachers and school administrators throughout the nation, and it is hoped that the introduction of this major, innovative product line will have a significant impact upon the educational field.

**Mineral King** In 1960, after staging the pageantry for that year's Winter Olympics, Walt Disney began a survey of existing and potential winter recreation sites throughout the United States, believing that the operation of a family oriented outdoor recreational area would be a healthy diversification in a growing market for our company.

It was not until 1965, when the U.S. Forest Service sought competitive public bids for the development of Mineral King in Sequoia National Forest, that Walt found an area he believed capable of becoming a prototype for future all-year recreational developments.

Therefore, the Company entered the public bidding against five other organizations, and in December of that year, was selected as the permittee, and subsequently awarded a three-year planning permit.

In January, 1969, after direct expenditures of

\$750,000 in research and planning, the Disney organization obtained final approval of its developmental master plan, thereby fulfilling its obligations under the planning permit. This plan has been approved and endorsed at every level of State and Federal government, under two administrations and both political parties.

Its highlights include the complete elimination of visitor automobiles from Mineral King's valley floor, a sub-level automobile reception center, and a completely self-contained village which may be reached via electric, cog-assist railway, all of which have been designed to ensure maximum protection and enhancement of the area's unique scenic values.

Meanwhile, the State of California, aware of the need for additional recreational opportunities for its urban population, and recognizing the economic benefits this project would bring to the people of the San Joaquin Valley, expended \$650,000 in surveying and designing the necessary all-weather access road.

This past summer, the Sierra Club, whose leadership has been taking an increasingly militant position in the field of conservation, began legal action against governmental officials, using the project to challenge the U.S. Forest Service's overall management policies for National Forest lands.

Based upon legal technicalities which do not relate to the merits of the Disney plan or to the reputation of Walt Disney Productions as a world leader in the field of recreation and entertainment, the Sierra Club was able to obtain a preliminary injunction, which prevents the government from issuing the permits to construct and operate the necessary facilities, until these legal issues have been tried.

The order granting the injunction is presently being appealed by the Department of Justice. No one can say with certainty how long it will be until the courts have rendered a final decision, but it could be as long as three years.

Walt Disney Productions continues to believe in the merits of this project — that Mineral King is uniquely qualified to help meet an ever-growing public recrea-





DIVERSIFICATION: A direct mail sales program for Disney books and merchandise, and a new subsidiary to serve the educational field. Below, the 20-acre Village, focal point of the Forest Service-approved recreational master plan for Mineral King.



### THE DISNEY-GULF STORY

Since the Gulf Oil Company-U. S. began sponsorship of our Sunday night television show, "The Wonderful World of Disney," several exclusive traffic-building premiums have been developed for sale by the 33,000 Gulf service stations across the country.

Excellent examples of the magic drawing power of the Disney name were two specially-created record albums. Highlighting famous Disney tunes in their original sound track recordings, each of these albums sold in excess of 2,000,000 copies.

Similarly, a children's magazine, bearing the same title as our television show, is now being published for Gulf on a quarterly basis. Featuring Disney stories, comics and games in 64 pages of full color, the magazine reached a circulation of 2,400,000 per issue during 1969. 40% of those purchasing the magazine were making their first visit to a Gulf service station.



tional need — and we are supported in this belief by many of the nation's most outstanding authorities in the field of conservation.

However, the Company, having met its obligations under the terms of the existing planning permit, will not make further investment in this project until the current legal issues are resolved and a 30-year term permit has been granted.

**Disneyland** Highlighting another successful year at Disneyland was the opening, on August 12, of our long-awaited Haunted Mansion, which has been enthusiastically received by all who visit the Park.

The attraction covers some 45,000 square feet, and was "imagineered" and constructed at a cost of over \$7,000,000. Capable of handling 2,616 people per hour, the Haunted Mansion provides an important increase in our operating capacity.

During the year, we also completed the introduction of an all-new, \$2,300,000 fleet of WED-designed and engineered Disneyland-Alweg monorail trains. The four new, five-car trains feature a more modern design, an advanced-engineered system of electric motors rating double the power of the original trains, and increased passenger comfort and capacity. In order to accommodate this new design, the monorail stations in Tomorrowland and at the Disneyland Hotel were lengthened by 80 feet.

The original trains, veterans of a decade of service, carried more than 30,000,000 passengers and traveled in excess of 850,000 miles along our 2½ mile "highway in the sky."

With the completion of our capital improvement program for 1969, which included extensive refurbishing of existing attractions, Disneyland now represents a total investment of \$126,000,000, and offers 53 major attractions.

Due to heavy winter rains, which interrupted operations and lowered visitation by as many as 60,000 guests in a single week, attendance for 1969 dropped 1.3% below 1968, when we welcomed a record 9,429,000 guests. Financially, however, Disneyland again performed at record levels, with gross reve-

nues surpassing \$68,000,000.

Walt Disney's often quoted remark that "Disneyland will never be completed as long as there is imagination left in the world" takes on new meaning when one considers how each new attraction stimulates increased attendance. The graph at the right shows clearly how our weekly attendance for 1969, expressed as a percentage of 1968, jumped immediately after the opening of the Haunted Mansion.

As 50% of our guests live in Southern California, and an even greater 60% are returning visitors, continuing investment in new attractions helps to promote repeat visits.

In Florida, however, we estimate that 90% of our visitors will come from out-of-state. Our prime market will be the 27,000,000 tourists expected to visit the state annually by 1971. Virtually all of them will come from the Midwest, East and South.

The Walt Disney World project has excited our entire organization, and preparations are moving ahead on schedule. A progress report follows on the next nine pages.

Backed by the most outstanding creative organization in our industry, hard at work on projects which will keep our organization profitably employed for many years to come, and entering 1970 in the strongest financial position in our history, all of us at Walt Disney Productions look forward to the next decade with considerable optimism.

*E. Leordon Alweg*



HIGHWAY IN THE SKY: A new Disneyland-Alweg monorail train leaves MAPO, Inc., in Glendale.





### Summer, 1969, Disneyland Attendance\*

\*Excluding Private Parties \*\*The Haunted Mansion opened on August 12.



FRIGHTFULLY ENTERTAINING: 999 friendly ghosts set up house-spooking at The Haunted Mansion on August 12th, and this new attraction has had a strong, positive effect on Disneyland's weekly attendance, as compared to 1968 (shown in the graph above).



### "GRAD NITES"

Giving further proof of Disneyland's long-standing appeal to America's largest market — the young adult audience, a record-breaking 91,848 high school students (representing 388 schools in 31 California counties) celebrated their graduation at Disneyland during seven special all-nite grad parties.


9,000 students, more than the total combined attendance at the original grad-nite party eight years ago, flew down from northern California for the June events.



Among the new attendance records established during 1969 were these:

- SINGLE DAY —  
82,516 on August 16
- ONE WEEK —  
455,757 for the week ending August 23
- ONE MONTH —  
1,582,199 visitors in August



An aerial photograph of the Walt Disney World resort in 1971, showing the extensive construction progress. The image captures the central area with its winding roads and partially completed structures, surrounded by dense green forests. In the foreground, a large, curved concrete wall or barrier is visible. The overall scene depicts a vast, developing landscape.

Opening in October, 1971,  
A family-oriented destination resort  
so vast it has been called  
"The Vacation Kingdom of the World"

# Walt Disney World

CONSTRUCTION PROGRESS: *The Walt Disney World site (shown here, with the new theme park in the foreground) was toured by the Board of Directors and other Disney executives during a thorough briefing in mid-November.*



After more than four years of "imagineering," master planning and site preparation, construction is under way at Walt Disney World.

In spite of one of Florida's wettest seasons in the past 50 years, the project is proceeding on schedule, and contracts representing 30% of the company's anticipated investment have already been taken — within cost estimates.

With the October, 1971, opening date for this destination vacation resort less than two years away, activity on the 27,500-acre site has begun to accelerate. In the new *Magic Kingdom* theme park, for example, Cinderella's Castle (ultimately designed to soar nearly 200 feet into the air) and numerous other structures are now beginning to "come out of the ground."

Construction activities will reach a peak in December, 1970, when an estimated 2,500 workers will be employed on the project site.

Long range planning, based upon 15 years of experience at Disneyland, has been the key to preparations for the theme park and other recreational facilities. As a result, one-third of the cost of these areas will be underground. Utility conduits, already in place, have the capacity to handle requirements at least ten years into the future.

The basements under Fantasyland and Main Street, now nearing completion, and other tunnels throughout the remainder of the theme park, will streamline operating efficiency. These will make possible direct access to utility corridors and the underground location of warehousing, refrigeration, employee wardrobe and break areas, and delivery of food, merchandise and supplies.

In order to build up the construction sites for the theme park and resort hotels, and to form a 200-acre, 14-foot deep lagoon (an extension of the existing 450-acre Bay Lake), it has been necessary to move 7,000,000 cubic yards of earth. To illustrate the immensity of this site preparation program, 85% of which has been completed, as many as 60,000 cubic yards of earth — or approximately 2,000 truck loads — have been moved in a single, 16-hour working day.

**The Reedy Creek Improvement District** This multi-powered governmental agency, created in 1967 by the Florida Legislature, is now moving forward to provide the necessary public services for Walt Disney World, without placing the burden for financing, constructing and operating these facilities upon the existing local governments.

The District has now completed a court-approved flood and water control system which consists of 40 miles of winding canals, 15 miles of levees and 14 water control structures, which are operated by automatic float gates.

Besides water control, the multi-purpose District is also responsible for such other vital utility projects as the Central Energy Plant, water supply and purification facilities, fire security, pest control, sewers and a solid waste disposal system.

An innovative Central Energy Plant, designed to supply power, air conditioning, high temperature hot water, and compressed air from a single plant is scheduled to be operational by early 1971. Key to this system will be two 6,000-kilowatt gas turbine generators.

The Improvement District is also supervising a

newly developed series of building codes and zoning regulations. Typical of the new and exciting systems being encouraged by these codes and regulations is the automated trash collection and removal system being designed by Aerojet-General Corporation, a subsidiary of the General Tire & Rubber Company.

The system, called AVAC, uses underground pneumatic tubes to transfer trash quickly, economically and hygienically from collection stations to a centralized disposal site. Planned for use throughout Walt Disney World, the system will be the first of its kind in the United States.

**WEDCOMM** Another example of the technological innovation being achieved at Walt Disney World is the 21st Century information-communications system now being developed by the Disney organization, RCA and Florida Telephone Co. Unique in scope and providing a new dimension in the control of a major enterprise, WEDCOMM (Walter E. Disney Communications Oriented Monitoring and Management System) will link computers, telephones, automatic monitoring and control devices, mobile communications and television in a multi-faceted network to handle administrative, financial and operational functions throughout the development. The system will do everything from reserving a hotel room to supervising the operation of theme park attractions.

**The Vacation Kingdom** Walt Disney World has been conceived as a place of **entertainment**, crowned by a new theme park similar to Disneyland... a place of **recreation**, where land and water sports abound... and a place of **relaxation**, offering theme resort hotels



George L. Bagnall  
and Gordon Youngman



Ron Miller  
and Richard Irvine



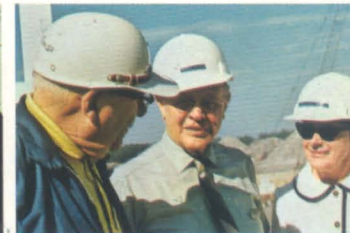
Roy E. Disney  
and Donn B. Tatum



Gen. William E. Potter and  
Roy O. Disney with Nolan Browning

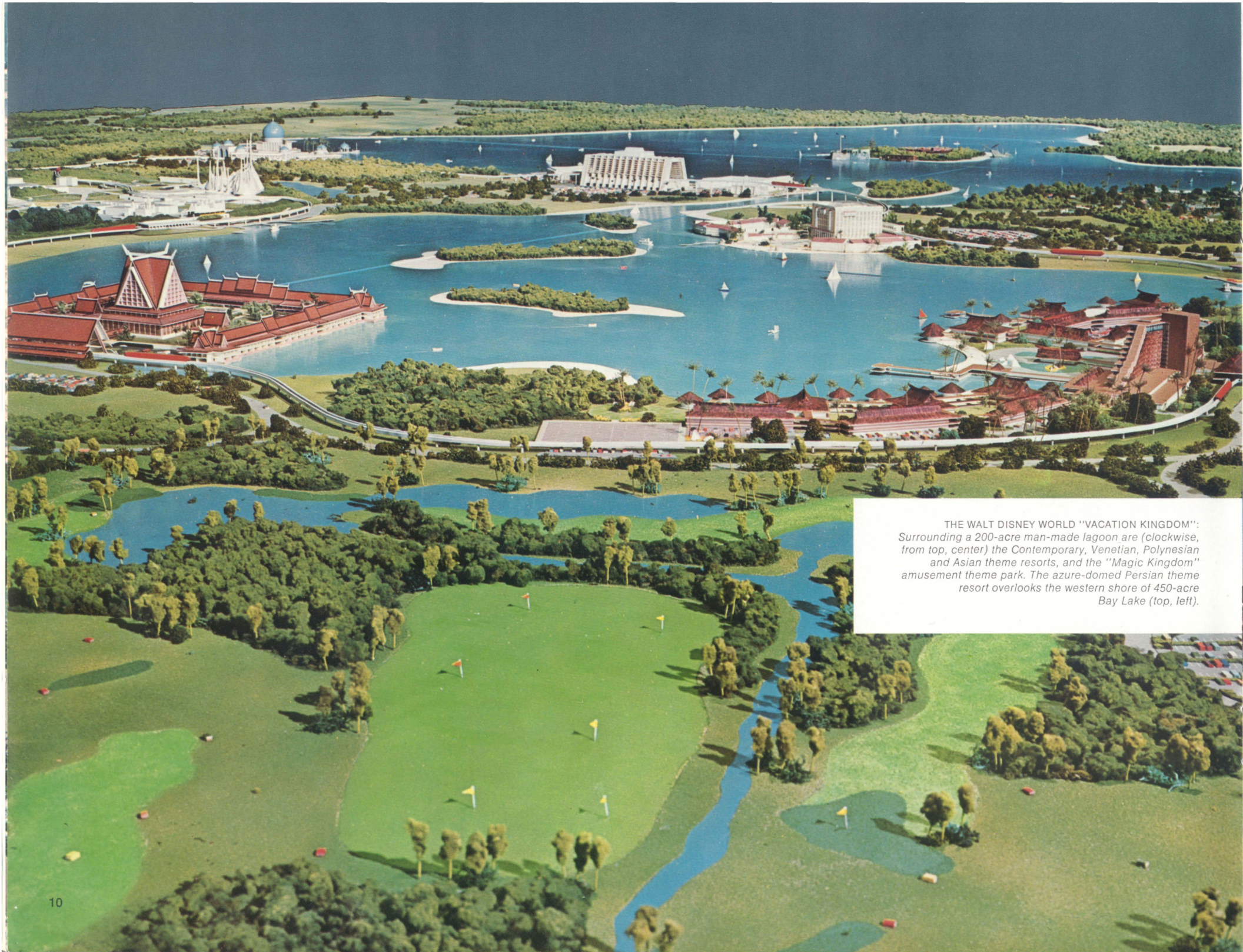


E. Cardon Walker  
and William H. Anderson



Adm. Joseph W. Fowler with  
Mr. and Mrs. S. Clark Beise





THE WALT DISNEY WORLD "VACATION KINGDOM":  
Surrounding a 200-acre man-made lagoon are (clockwise,  
from top, center) the Contemporary, Venetian, Polynesian  
and Asian theme resorts, and the "Magic Kingdom"  
amusement theme park. The azure-domed Persian theme  
resort overlooks the western shore of 450-acre  
Bay Lake (top, left).



unmatched anywhere in the world. It will cater to both day-visitors and those who make Walt Disney World their headquarters for a central Florida vacation.

Now under development are complete sports facilities, including two 18-hole championship golf courses, tennis courts, campgrounds and trailer parks, stables and bridle trails.

The resort hotels will offer gourmet restaurants, nightclub entertainment and dancing, banquet and convention facilities.

A 650-acre pleasure waterway almost three miles long, dotted with natural and man-made islands and lined by almost four miles of white sandy beaches, will be the focal point around which all of the other attractions will be located. The waterway will always be kept crystal clear and safe for swimming, boating, sailing, water skiing and aquatic spectacles.

Once a guest arrives at Walt Disney World, he'll

leave his automobile behind, traveling throughout the *Vacation Kingdom* via monorail, trams or colorful water craft including steam-driven, side-wheeled river boats.

At the heart of this transportation system will be the Walt Disney World-Alweg Monorail. Six five-car trains will travel a three-and-one-half-mile, twin-rail beamway, encircling the lagoon recreation area and connecting the entrance complex with the *Magic Kingdom* theme park and resort hotels. 171 feet long and carrying 212 passengers each, these sleek white trains will be the fourth version of Disney-Alweg monorail trains — the only fourth generation monorail trains in the world.

**The Theme Resorts** A major contrast to California's Disneyland will be the interrelationship between the theme park and the nearby resort hotels. Each hotel has been master planned, both aesthetically and operationally, to complement the *Magic Kingdom* theme park and the other recreational activities.

In design motif, recreational activities, restaurants and resort atmosphere, each hotel will carry out a single theme that represents a culture or architectural style around the world. The hotels have been called "theme resorts," because everything from interior decor to employees' costumes and dining room menus will be an expression of the same overall theme.

Five hotels, conceived by WED Enterprises, the Disney design subsidiary, and Welton Becket & Associates, architects, are now in varying stages of design.

Two of these — the Contemporary and Polynesian theme resorts — will be constructed and owned by United States Steel's new USS Realty Development Division. Scheduled for completion during the first year of operation, they will be leased to Walt Disney Hotel Co., the Disney subsidiary which will operate them.

The Persian, Venetian and Asian theme resorts will follow later in response to the anticipated demand for accommodations.

Unlike any building in the world today, the 14-story Contemporary hotel will feature a huge central concourse 90 feet high, 400 feet long and 153 feet wide — a broad landscaped indoor park, one-third longer than a football field.

Through this concourse, 50 feet above the ground, will pass the Walt Disney World-Alweg monorail system as it carries guests to and from each of the hotels, the theme park and transportation center.

Sunlight will stream down on concourse lounges, restaurants and shopping areas through bronzed-glass end walls and skylights.

Beneath the air-conditioned concourse will be three floors of luxurious convention, exhibit, dining and entertainment facilities, highlighted by a main ballroom seating 1,500 persons.

Above the concourse, the two sloping outer walls of this unique A-frame structure will house nine floors of guest rooms. Each will feature a private balcony overlooking the 2,500-acre lake and lagoon recreation areas. Guests may also view activities along the interior concourse from balcony-walkways beside their rooms.

Crowning the hotel will be a spacious, octagonal, glass-walled penthouse restaurant. On a clear day, visitors to this 14th-floor skyroom will be able to see all the way to Cape Kennedy, more than 50 miles across the lush lake country of central Florida.

Of a total of 1,057 guest rooms in the Contemporary style resort, 394 will be contained in the main structure and another 663 will be located in connecting three-story garden wings, which surround the lake side recreation area.

These recreational facilities will include two large swimming pools, a children's wading pool and fountain, 28 cabanas, a marina and landing dock for sail and power boats and paddlewheel steamboats, a sculpture garden, putting greens and six tennis courts.

The atmosphere of the Pacific islands will be created in the casual, low-rise vacation village design of the 508-room Polynesian theme resort. Entertainment, food and decor will carry out the informal islander theme, and the hotel's main dining room will



RESORT PLANNING: Hotel director John Curry studies a model of the Contemporary theme resort with John Hench and Richard Irvine, who head planning and design at WED.



overlook a skin diving and water sports grotto.

Guest rooms will look out across the lagoon to the *Magic Kingdom* theme park or toward Walt Disney World's golf course complex. Two championship courses will be ready by opening day, and the Polynesian hotel will serve as golfing headquarters, in terms of sophisticated food service and "19th hole" clubhouse activities.

Significantly — and with long-range implications for city housing as well as hotels — U.S. Steel will construct all 1,565 rooms in these two theme resorts by means of steel-framed unitized or modular construction.

In this, the world's first major use of steel-framed unitized construction, each hotel room will be assembled at ground level in an on-site facility designed for this purpose. Basic utilities, including bathroom and air climate control fixtures, will be installed and the hall door locked before the room leaves the assembly building.

When hoisted into place, the rooms will be secured to the structural frame of the hotel by means of an unique interlock system, and the plumbing and utility lines "plugged in." The modules — 30 by 15 feet — can be arranged three stories high without additional structural support.

Said Edwin H. Gott, Chairman of the Board of U.S. Steel, in announcing the project, "This will be a demonstration of the kind of technical innovations Walt Disney sought to encourage on the part of American industry, in that each of the steel-framed unitized rooms will weigh approximately eight tons — far less than the 30-ton modular hotel rooms that have been built using other construction materials."

Concluded Gott, "... Civilization is shaped by doers... and the builders and the creators who find ways to use materials and the forces of nature for the benefit of all mankind. Walt Disney World is already attracting the doers and the builders and the creators. And U.S. Steel is very proud to be a part of this challenging program."

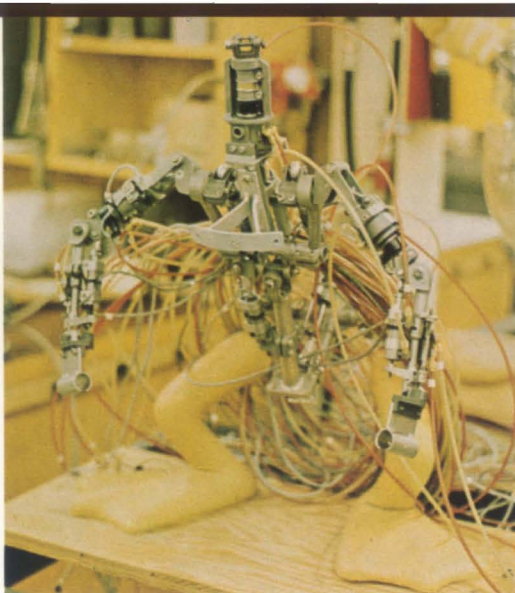
**LIBERTY SQUARE:** Here, amid the atmosphere of colonial times, will be located "One Nation Under God." During the finale of this inspiring dramatization, America's 37 presidents will appear together on stage through the marvel of "Audio-Animatronics." Hollywood wardrobe artists Valentine Hauerwaas and Abe Shlacow emerged from retirement to tailor authentic costumes, while Blain Gibson (bottom) directed the challenging task of sculpting each chief executive.



**WESTERN RIVER EXPEDITION:** Project designer Marc Davis completes a model for this musical parody of the wild old west. On the grand scale of Disneyland's "Pirates of the Caribbean," the attraction will be located in "Thunder Mesa."







THE MICKEY MOUSE MUSICAL REVUE: Donald Duck and Practical Pig are only two of 86 famous characters to appear on stage "in person" during this nostalgic review of Disney films down through the years.



20,000 LEAGUES UNDER THE SEA: A fleet of Captain Nemo's fabulous submarines will take guests on an undersea journey to the lost city of Atlantis.



WED Enterprises, Inc., the Disney research and design subsidiary in California, has created many new attractions for introduction at the Walt Disney World MAGIC KINGDOM. Several, in varying stages of development, are shown on these pages.

ADVENTURELAND'S GREAT CEREMONIAL HOUSE: Here, sponsored by the Florida Citrus Commission, will be a musical luau featuring "Audio-Animatronics" tropical birds and flowers.



COUNTRY BEAR BASH: Wathel Rogers and Bill Justice use the new computerized Digital Animation Control System to program the first of nineteen "Audio-Animatronics" bears for this rollicking country and western hoedown.





**The Magic Kingdom** While construction proceeds on the site in Florida, the more than 400 craftsmen at WED Enterprises and its subsidiary, Mapo, Inc., are creating in California the many attractions to be included in the new *Magic Kingdom* theme park.

Among these are a series of unique shows "brought to life" through the patented Disney "Audio-Animatronics process of three-dimensional animation.

Similar in general concept to California's Disneyland, the theme park will be located at the visual center of the *Vacation Kingdom*. Guests arriving via monorail, tram or water craft will find its main entrance to be a bustling transportation center.

Once inside, visitors will literally bridge time and theme to journey into six exciting realms — Main Street, Adventureland, Frontierland, Liberty Square, Fantasyland and Tomorrowland.

The decor of Main Street will feature extensive use of glass and wrought iron, reminiscent of an Eastern Seashore Victorian resort.

Liberty Square, a totally new land created expressly for introduction in Florida's *Magic Kingdom*, will feature colonial shops and stores characteristic of America at the time of our nation's founding. Here, too, will be found "One Nation Under God," an inspiring dramatization about the American Constitution and the 37 presidents who have led this nation.

From the steam trains circling the park, visitors will not only be able to view the various "lands," but the resort hotels and other recreational areas of Walt Disney World. The steam trains will be pulled by five old-time American locomotives, recently discovered in Yucatan, Mexico, and now being rebuilt in Tampa, Florida.

Throughout the *Magic Kingdom* will be an endless variety of restaurants with enchanting or exotic themes. "King Steffan's Banquet Hall," on the second level of Cinderella's Castle, will overlook Fantasyland, Pinocchio Street and the castle courtyard.

The "Small World" restaurant, also in Fantasyland, will have several dining rooms, each themed to children around the globe.

Liberty Square will offer relaxed dining in an early American restaurant featuring a series of small picturesque rooms reminiscent of colonial times.

"The Crystal Palace," along Main Street, will offer elegant dining in a solarium-styled Victorian restaurant.

All in all, food facilities seating a total of 4,250 people and serving 12,000 per hour are now being developed. In addition, guests will be encouraged to use their all-day monorail tickets to visit restaurants in the theme resorts.

Just as Disneyland revolutionized the world's concept of an amusement park, the Walt Disney World *Vacation Kingdom* will establish new standards in destination resorts, in that all attractions — the theme park adventures, resort hotels, recreation activities, golfing, convention facilities and transportation — will be operated by one management.

**The Motor Inn Plaza** As a first step in providing the estimated 5,000 guest rooms needed to accommodate future visitors to central Florida and Walt Disney World, a Motor Inn Plaza is now being developed on Disney property along the shores of Lake Buena Vista, near the intersection of Interstate 4 and State Road 535.

Three prominent motor inn corporations — Royal Inns, Dutch Inns of America and TraveLodge — already have become major participants in the initial phase. They will build three high-rise Motor Inns, planned for a total of more than 1,000 rooms. The first units will be completed in late 1970, with other hotels and commercial facilities to follow.

At the hub of Motor Inn Plaza and now open to the public is the Walt Disney World Preview Center. A 12,000 square foot showcase, the Preview Center has been designed to introduce vacationing motorists to the myriad of recreational opportunities which will soon be available at Walt Disney World. Artists' renderings, models and motion pictures give those touring the center an "inside look" at the new Vacation Kingdom. Here also may be found a gift shop and advance reservation services for both individuals

and conventions, along with a press reception area and executive conference rooms.

A three-par golf course, restaurants and service stations are also under development at Motor Inn Plaza.

**State Road Construction** It is currently estimated that eight million people will visit Walt Disney World during its first full year of operation. Traditionally, 80% of all tourists entering the state of Florida travel by automobile.

To meet the needs of vacationing motorists, the State Road Board and the Florida State Road Department have authorized and begun the construction of highway interchanges and the widening of local public roads necessary to provide direct automobile access to the Disney property from three major highways — the Sunshine State Parkway, Interstate Highway 4, and U.S. Highway 27.

Two major interchanges along State Road 530, which will handle traffic traveling from I-4 to the main entrance of Walt Disney World, are well along in construction. Completion is expected in late 1970.

By August, 1970, contracts will have been let for the improvement to four-lane standards of the entire



MOTOR INN PLAZA: The Walt Disney World Preview Center, now open and serving travelers along Interstate Highway 4 as information headquarters for the new "Vacation Kingdom."



**AUTOMOBILE ACCESS:** These two major interchanges now being constructed by the Florida State Road Department will soon be among the busiest in the state. The cloverleaf in the foreground will link auto traffic on Interstate Highway 4, Florida's major east-west highway (running left to right across photo), with the main entrance to Walt Disney World (top).

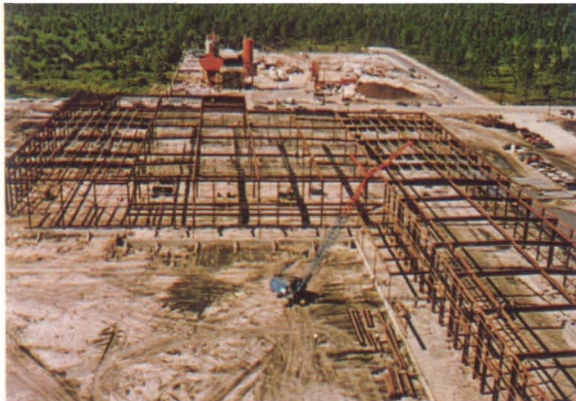


**PROTOTYPE RESEARCH:** MAPO, Inc., executes WED designs for Audio-Animatronics techniques, transportation systems and other mechanical show elements.

**TOPIARY ANIMALS:** At our on-site Horticultural Research Center, these topiary animals are among more than 10,000 trees now being grown for future transplanting throughout Walt Disney World. This 30-acre center has carried out extensive experimentation with plants, trees and shrubs uncommon to the special climate and soil conditions of central Florida.







**MODULAR CONSTRUCTION:** When U.S. Steel begins production of unitized hotel rooms in February, this on-site facility will produce 140 completed rooms per month. The batching plant, which provides ready-mixed concrete for the entire Walt Disney World project, is seen in the background.



length of State Road 530 from the Sunshine State Parkway to U.S. Highway 27, excepting the portion between I-4 and the main entrance, which will be built to six-lane freeway standards.

The main entrance will be linked to the Vacation Kingdom and its 14,000-car parking lot via a 4.7 mile, four-lane parkway to be constructed by Walt Disney World Co. This entire program, along with an extensive roadway beautification program, will be completed before the opening of the amusement theme park.

This coordinated road improvement program is exemplary of the cooperation which has been given to the Disney organization by the State of Florida.

**Looking Ahead** Throughout many months of planning, involving 27 major consultants and the entire Disney organization, Walt Disney's basic concepts have stood the test of time. The master plan, right down to the location of the *Magic Kingdom* theme park, remains just as Walt Disney conceived it.

By opening day, the combined investment from all organizations participating in Walt Disney World will exceed \$300,000,000. And like Disneyland, Walt Disney World will never be completed.

The total development of this 43-square-mile site will take many years, and at its ultimate, the 2,500-acre Vacation Kingdom will be just one aspect of a total living, working environment.

Future projects will include:

- an "airport of the future," offering service to private and executive aircraft;
- a vacation-oriented residential development;
- an industrial park designed as a showcase of American industry at work;
- and the Experimental Prototype Community of Tomorrow, where, as Walt Disney said, "People actually live a life they can't find anywhere else in the world today."

**THE MAGIC KINGDOM:** In a scene reminiscent of Disneyland in 1954, the Florida theme park begins to take form. The Fantasyland basements (left) will provide 174,000 square feet of space for wardrobe and service activities.

Many of America's major corporations have already expressed a desire to join with the Disney organization in creating EPCOT. A community for 20,000 permanent residents, EPCOT will always be "a blueprint of the future . . . introducing and testing and demonstrating new materials and systems."

This total master plan represents Walt Disney's legacy to his creative organization—a challenging program to inspire the Company for years to come.

### April Press Conference Unveils Walt Disney World

"My only concern is that maybe we haven't built enough roads or don't have enough rooms." On April 29, 1969, at one of the most important press conferences in Florida's history, Governor Claude Kirk thus hinted at the magnitude of the project about to unfold . . . the first public announcement of the immense plans underway for the Walt Disney World Vacation Kingdom.

All in all, during the three-day event, more than 800 members of the nation's news media, major corporations, and the Florida State Legislature were introduced to the concept via a special motion picture and the detailed model shown below, which was exhibited along with artists' renderings and mock-ups of the project. An inspection tour of the project site capped their visit.





## MOTION PICTURES AND TELEVISION

By Ronald W. Miller

Vice President — Executive Producer

The production of motion pictures continues to be the foundation, the very core, of everything we do at Walt Disney Productions. Motion pictures keep the Disney name prominent on theatre marquees and before audiences throughout the world. They introduce the stories and characters which later come to life at Disneyland (and soon, at Walt Disney World). They also create a demand for the ancillary products of our company—merchandise, publications, comic strips, the arena show, 16mm home movies, records and published music.

During 1970, we will embark upon one of the most substantial motion picture production programs in our history, and it is one in which we have great confidence.

Kicking off the 1970 production schedule will be *Bedknobs and Broomsticks*, a musical fantasy which, like *Mary Poppins*, will combine live action and animation, and will feature an original musical score by Richard M. and Robert B. Sherman. Broadway's *Mame*, Angela Lansbury, has been set to star.

A magical tale about an amateur witch, a con man and three children who journey into a world of fantasy aboard a flying four poster bed, *Bedknobs and Broomsticks* will be produced by Bill Walsh, co-scripted by Walsh and Don DaGradi, and directed by Robert Stevenson. This is the same team which collaborated on such Disney hits as *Mary Poppins*, *The Love Bug*, *Blackbeard's Ghost* and *The Absent-Minded Professor*. The film will be a year in production and will be a major release for 1971.

Walsh is also planning an early start for *Scandalous John*, which he is co-scripting with Don DaGradi. It's a western comedy about a modern day Don Quixote and his Mexican sidekick, who set out on a cattle drive from Arizona to Chicago with one sway-backed cow.

*Chateau Bon Vivant*, which Walsh will produce from a screenplay by Arthur Julian, is a comedy



ANGELA LANSBURY: Star of Broadway's hit musical, "Mame."



PRODUCTION DESIGN: Bill Walsh, Peter Ellenshaw, Don DaGradi and Robert Stevenson prepare "Bedknobs and Broomsticks."



FEATURE PRODUCTION: Executive Producer Ron Miller visits Phil Silvers and director Norman Tokar on the set of "The Boatniks."



about two revenue agents who attempt to crack an international crime syndicate by posing as the operators of a ski lodge near the gangsters' headquarters in Switzerland.

Two promising screen comedies are now in preparation under Bill Anderson's guidance. *The Rating Game*, which is being written by Joe McEveety, is the story of a television network page who becomes an instant executive when he discovers two chimps at the New York Zoo who won't watch anything but top-rated TV shows. *Dooley's Million Dollar Duck*, which will be based upon a story by cartoonist Ted Key, tells the misadventures of a typical American family whose pet duck begins laying 14-karat gold eggs.

Anderson will also produce the exciting adventure story, *Journey to Matecumbe*. Paul Savage's script will be based upon a novel by Pulitzer Prize winner Robert Lewis Taylor. It is the story of two boys, one black and one white, who take a perilous post-Civil War journey down the Mississippi.

Winston Hibler is now preparing *The Island at the Top of the World*, a Jules Verne-styled adventure about three explorers who trek to the high arctic, where they discover a fantastic lost civilization of Vikings on a mist-shrouded, volcanically-heated island. The John Whedon screenplay is being planned as an epic spectacular in the tradition of *20,000 Leagues Under the Sea*.

*Paniolo*, another of Hibler's projects, is the story of a Texas cowboy who is shanghaied aboard a Pacific clipper ship and escapes to the island of Hawaii. There, he becomes embroiled in a ranch war against a ruthless band of cattle rustlers. Ron Bishop is writing the screenplay, which will be filmed next spring entirely on location.

Meanwhile, our release schedule for 1970 will offer a wide variety of Disney theatrical entertainment—comedy, animal adventure, western drama, another full-length animated feature and two re-issues from the timeless Disney library.

Our February release, *The Computer Wore Tennis Shoes*, is a rollicking comedy spoof about a struggling college sophomore who gets his mental wires

crossed with a backfiring computer. The film, which enjoyed a successful series of New Year's Eve pre-views across the country, stars Kurt Russell, Cesar Romero and Joe Flynn.

Offered on the same program will be *It's Tough to be a Bird*, a unique animated cartoon featurette created by Ward Kimball which takes audiences on a humorous romp through avian history.

After more than two years of production in the Canadian Rockies, *King of the Grizzlies* will be released nationwide in April. This thrilling filmization of Ernest Thompson Seton's story about the dangerous, 1,300-pound grizzly represents a major achievement in Disney true-life adventure photography.

During Easter, the studio will re-issue *In Search of the Castaways*, Jules Verne's tale about five adventurers and their suspense-filled, worldwide search for a lost sea captain. Hayley Mills, Maurice Chevalier, George Sanders and Wilfrid Hyde White star in the Disney classic, first released in 1962.

Throughout the year, Walt Disney's highly imaginative musical, *Fantasia*, will be re-issued in exclusive engagements in selected cities across the country.

Three films—*The Newcomers*, *Sleeping Beauty* and *The Boatniks*—will be available to theatres nationwide during the important summer vacation months.

*The Newcomers* is a rugged story about the indomitable spirit that helped to conquer the American West. Steve Forrest, Vera Miles, Ronny and Clint Howard, Jack Elam and Morgan Woodward star in this frontier saga, which was filmed almost in its entirety amid the towering and jagged Grand Tetons at Jackson Hole, Wyoming.

Walt Disney's classic of animation, *Sleeping Beauty*, which features the soaring music of the famed Tchaikovsky ballet, will highlight our re-issue program for 1970. It will be available to a new generation of moviegoers beginning in June.

Capping our summer release schedule will be *The Boatniks*, a hilarious comedy starring Robert Morse, Stefanie Powers and Phil Silvers. The laughter comes

THE NEWCOMERS: Western adventure in the untamed Wyoming frontier of the 1880's.



THE COMPUTER WORE TENNIS SHOES: Cesar Romero and Brian Fong program an up-beat comedy course for Kurt Russell (right).





THE BOATNIKS: Robert Morse and Stefanie Powers (below) confront a harbor full of inept yachtsmen in this summer, 1970, comedy.



KING OF THE GRIZZLIES: Animal adventure in the finest Disney tradition comes to the nation's theatres in February.



THE ARISTOCATS: Animators Ollie Johnston, Milt Kahl, Woolie Reitherman, John Lounsbery and Frank Thomas are joined by real-life models for the animal stars of our full-length feature attraction for Christmas, 1970.

in waves when a Coast Guard ensign attempts to cope with the inept weekend yachtsmen who invade Newport Beach, the world's busiest small boat harbor.

Christmas, 1970, will herald the release of *The Aristocats*, an original animated musical comedy featuring songs by the Sherman Brothers and the vocal talents of Phil Harris, Eva Gabor, Hermione Baddeley, Scatman Crothers, Sterling Holloway, George Lindsey, Pat Buttram and Nancy Kulp. This delightful story about a cat and three kittens in the Paris of 1910, as told by the world's most skilled and experienced team of animators, will come to the screen after more than three years of production.

In addition to post-production activities on our 1970 release schedule and the preparation of future motion picture projects, each member of our production team contributes segments to our *Wonderful World of Disney* television show, and this has been an important factor in its continuing success.

This year, during our sixteenth season of television broadcasting, we have enjoyed our best ratings in the last ten years. *The Wonderful World of Disney* has consistently been the highest rated program in its Sunday night time slot, and *The Peregrine Falcon*, broadcast on November 16, was listed as the second highest rated program in America by Nielsen's National Index. The show reached an average audience of over 40,000,000 people.

Our contract with the National Broadcasting Company is now set through the 1970-71 season.

Among the episodes planned for next season, Winston Hibler is currently producing *Lefty, the Lop-Eared Lynx* in the Northwest territory where he filmed the highly rated *Charlie, the Lonesome Cougar*. *Lefty* is an unusual wild Canadian lynx who strikes up an amusing friendship with the sled dog of a ranger. This past summer, Hibler completed a two-part circus adventure entitled *The Boy Who Stole the Elephant*, with a major cast headlined by Mark Lester of *Oliver* fame, Broadway's David Wayne and June Havoc.

Now in production under the guidance of Roy E.



SNOW BEAR: A moving story of an Eskimo boy and a 750-pound polar bear filmed in Alaska's frozen tundra.



Disney is *Three Without Fear*, the incredible story of a 500-mile journey up the coast of Baja California by three children. Disney is also completing post-production on *The Boy from Bahrain*, a mystery filmed in the Arabian Gulf involving an apprentice pearl diver who becomes entangled in a smuggling ring, and on the Puerto Rico-located *Cristobalito*, *Horse of the Conquistador*, a poignant two-part drama about a small boy and the injured stallion he saves from being shot.

Bill Anderson has completed *I'll Trade You an Elk*, a wonderful two-part comedy about a small town mayor, who tries to wreck the zoo in favor of an art museum. It features the talents of Hal Holbrook, Joe Flynn and Wally Cox. Anderson is currently in preparation on *The Biscuit Eater*, a sensitive two-part teleplay about a boy who trains a misfit to compete in championship dog races.

Veteran nature producer Jim Algar is in mid-production in San Francisco on *Peekaboo Fox*, which views the sights of the Bay city through the eyes of a young fox. He is also scouting locations for *Mountain Born*, a heartwarming boy-dog story.

Producer Harry Tytle is in post-production on *Snow Bear*, a significant two-part nature drama filmed in Alaska. It combines breathtaking nature footage with

the story of an Eskimo boy's intriguing friendship with a wild polar bear.

Ward Kimball is putting the finishing touches on *A Set of Wheels*, which utilizes both live action and animation as it takes a zany look at the world of drivers, driving habits and customized cars.

Larry Lansburgh's theatrical featurette, *Hang Your Hat on the Wind*, about a Navajo Indian boy and a runaway colt, is also scheduled for telecasting.

The studio which has made a tradition out of pioneering new boundaries of imagination — the same team which was developed by and worked with Walt Disney — is moving forward with a production program which will not only keep our distribution organization healthy, but will provide a continuity of Disney product to family audiences for years to come.

Ron Miller



THE BOY FROM BAHRAIN: Producer Roy E. Disney (rear) aboard a two-masted sailing dhow, during filming in the Arabian Gulf.

THE BOY WHO STOLE THE ELEPHANT: Young "Oliver" star Mark Lester finds a whole new world of adventure in this circus story.



CRISTOBALITO: The picturesque island of Puerto Rico is the setting for this heartwarming tale about a small boy and a prize stallion.





## FINANCIAL HIGHLIGHTS

### WALT DISNEY PRODUCTIONS

	1969	1968
Total income . . . . .	\$148,367,000	\$137,146,000
Income before taxes on income . . . . .	\$ 32,504,000	\$ 25,622,000
Income taxes . . . . .	\$ 16,700,000	\$ 12,516,000
Net income . . . . .	\$ 15,804,000	\$ 13,106,000
Per common and common equivalent share . . . . .	\$3.49	\$2.94
Total assets . . . . .	\$238,174,000	\$165,038,000
Working capital . . . . .	\$ 94,396,000	\$ 52,561,000
Stockholders equity . . . . .	\$146,205,000	\$ 90,308,000
Per common share outstanding at year end . . . . .	\$29.15	\$20.78
Total common shares outstanding . . . . . (adjusted to include 613,162 shares upon conversion of debentures in 1969)	5,015,932	4,346,930
Stockholders of record . . . . .	18,800	15,700



## BOARD OF DIRECTORS



WILLIAM H. ANDERSON  
Vice President  
Production and Studio  
Operations



GORDON E. YOUNGMAN  
Senior Partner  
Youngman, Hungate  
and Leopold



ROY O. DISNEY\*  
Chairman of the Board



GEORGE L. BAGNALL  
President — George  
Bagnall and Associates



RONALD W. MILLER  
Vice President  
Executive Producer



DONN B. TATUM\*  
President and  
Vice Chairman of  
the Board



ROY E. DISNEY  
Producer



S. CLARK BEISE  
President (Retired)  
Bank of America



E. CARDON WALKER\*  
Executive Vice President  
and Chief  
Operating Officer

\*Member Executive Committee

## THE PRESIDENT'S LETTER

As we look back on the year we can regard with satisfaction the company's performance; and as we look ahead the prospects are bright.

Because of the recent conversion into common stock of virtually all of the 4½% convertible debentures of 1968 there are a number of new shareholders who have just joined our growing family, which now numbers nearly 19,000. To them a hearty welcome!

Gross revenues reached a high for the ninth year in succession amounting to \$148,367,000 as compared with \$137,146,000 for 1968. This 8.2% increase resulted primarily from additional income from theatrical films.

Theatrical film rentals increased by \$7,569,000. Disneyland and other entertainment activities were up by \$3,640,000, and other revenues increased by \$358,000. Television revenues decreased by \$346,000, almost entirely attributable to the delivery to NBC of one less "Wonderful World of Disney" program because of network scheduling requirements (a non-recurring event), and a further tailing off of revenues from the syndication of the Mickey Mouse Club and Zorro programs which have finally completed their current runs through the marketplace.

Consolidated net income of the company and its domestic subsidiaries for the 1969 fiscal year amounted to \$15,804,000, equal to \$3.49 per share. These are record earnings for the company and compare with \$13,106,000, or \$2.94 per share (restated for comparative purposes) for last year. For the first time, per share earnings figures assume the exercise of all outstanding stock options (See Note 8).

Capital disbursements for the year for plant and equipment amounted to \$30,444,000, including \$20,818,000 for Walt Disney World in Florida. At Disneyland, the new Disneyland-Alweg Monorail Trains were introduced and the long-awaited "Haunted Mansion" attraction opened in mid-Summer.

In conformity with generally accepted accounting practices, the company has elected to defer preliminary costs and expenses related to the Florida Project until such time as active operations com-



mence, when such costs will then be amortized over an appropriate period. At fiscal year end total deferred costs amounted to \$1,788,000.

During fiscal 1970 it is estimated the company will make additional disbursements of approximately \$65,000,000 on the Florida Project and approximately \$3,500,000 for other capital requirements.

In connection with the financing of the Walt Disney World project the company issued on March 1, 1969 \$50,000,000 of 5% convertible subordinated debentures due March 1, 1994. At the option of the holder, the debentures are convertible at any time into the common stock of the company at the rate of one share for each \$90 of principal.

Cash dividends paid during fiscal 1969 totaled \$1,308,000. A 2% stock dividend paid on January 2, 1969, to shareholders of record on December 2, 1968, amounted to 85,433 shares and resulted in \$6,659,000 being transferred from accumulated earnings to invested capital.

The Board of Directors on November 13, 1969 declared a quarterly cash dividend of  $7\frac{1}{2}$ ¢ per share and a 2% stock dividend payable January 1, 1970 to stockholders of record on December 1, 1969. This policy will be reviewed periodically by the Board of Directors in light of earnings and other factors. The chart on page 31 illustrates the growth in shareholders equity to which this policy has, in a very substantial manner, contributed.

In accordance with authority previously granted by the shareholders, there were as of the end of the fiscal year 329,340 shares of stock under option to 521 employees. During the year 245 employees exercised their option as to 55,840 shares resulting in \$2,200,000 of additional invested capital paid into the company's treasury.

As we look ahead to the future we have much to give us confidence.

Although these are troubled times for the motion picture business, we have confidence in its future. We have a deeply ingrained and clearcut philosophy of constructive and wholesome entertainment for the

entire family, in keeping with the traditions set by Walt Disney, for which we know there is a substantial market. Ours is a vigorous motion picture organization producing carefully prepared and successful motion pictures and a Sunday night television program which is now being seen by the largest audiences it has ever reached. We have an equally dedicated and topflight motion picture selling organization. Lastly, we have our magnificent and ageless film library and a great name to work under. For all of these reasons we expect our share of the motion picture business to grow in volume, although inevitably becoming a relatively smaller part of the whole.

Disneyland all but equaled the previous year's record attendance despite setbacks caused by unseasonal rains in the winter and early spring months. This fall Disneyland's attendance has been running ahead of last year's record levels for the same period.

The Character Merchandising, Publishing and Music activities of the company are performing exceptionally well and are entering new and carefully tested areas of opportunity.

An extended program of realizing the great potential in the educational field is well under way.

In WED Enterprises, MAPO and our Engineering and Construction Division a highly competent team of creative, professional and technical people are forging ahead with a plan, and implementing it, for the realization of Walt Disney World.

Progress on the Florida Project is highly satisfactory.

A comprehensive and innovative collective bargaining agreement reached with the building and construction trade unions contemporaneously on both the national and local levels at the beginning of the year, and continuing for a term beyond opening day, has proven its effectiveness in actual field conditions. An outstanding group of building contractors are at work on the site producing results.

An organization to operate Walt Disney World is in existence with a definitive plan and a detailed schedule for the recruiting and training of man power and

will develop a unit equal in ability and know-how to the famous Disneyland organization.

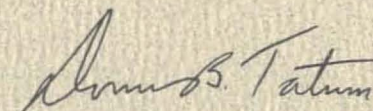
Our financial planning and position today give us firm assurance of the necessary funds and resources to open the Florida Project on schedule.

We continue to be extremely gratified at the confidence and support being expressed by many of the country's most respected industrial companies, a number of whom have been associated with us in Disneyland, and will be similarly associated in Florida, together with new companies with whom we are working out arrangements for Walt Disney World.

Walt Disney's great concept of the Experimental Prototype Community of Tomorrow (EPCOT) is still very much before us. Because of its magnitude and complexity it will not materialize until some time after 1971. But many of the technologies and devices being incorporated in the first phase of the Florida Project will have direct application to EPCOT; and many of the basic industrial associations which we are making now will undoubtedly carry forward into that development.

Throughout the company, in the United States and in many other parts of the world, are fine, accomplished people, either working for our company or closely associated with it, who, daily, week in and week out, apply themselves to advancing its objectives.

Perhaps our greatest asset is the high platform of public acceptance which attaches to the Disney name and to the activities and products to which it is attached all around the world. To continue to merit this confidence is to us a great trust—and to work at doing so is patently good business.



President and Vice Chairman of the Board

December 3, 1969  
Burbank, California



## CONSOLIDATED BALANCE SHEET

### ASSETS

	Sept. 27, 1969	Sept. 28, 1968*
<b>CURRENT ASSETS</b>		
Cash (note 3) . . . . .	\$ 6,479,000	\$ 7,221,000
Short term investments—at cost which approximates market . . .	83,666,000	34,432,000
Accounts receivable and advances . . . . .	7,662,000	6,269,000
Inventories — at the lower of cost or market		
Completed productions— less amortization (note 2) . . . . .	8,339,000	11,877,000
Productions in process . . . . .	13,695,000	13,143,000
Story rights and pre-production costs . . . . .	1,441,000	1,111,000
Merchandise, materials and supplies . . . . .	4,835,000	3,539,000
Total current assets . . . . .	<u>126,117,000</u>	<u>77,592,000</u>
 ENTERTAINMENT ATTRACTIONS AND FACILITIES — at cost . . . . .	 86,049,000	 78,361,000
Less accumulated depreciation . . . . .	<u>(36,277,000)</u>	<u>(31,123,000)</u>
	49,772,000	47,238,000
 STUDIO BUILDINGS, EQUIPMENT AND OTHER PROPERTIES — at cost .	 23,137,000	 21,570,000
Less accumulated depreciation . . . . .	<u>(11,922,000)</u>	<u>(10,431,000)</u>
	11,215,000	11,139,000
 CONSTRUCTION IN PROGRESS, FLORIDA PROJECT— at cost . . . . .	 33,984,000	 13,262,000
LAND — at cost, including \$5,774,000 relating to Florida Project (note 3) .	<u>12,109,000</u>	<u>12,156,000</u>
 <b>OTHER ASSETS</b>		
Patents — at cost less amortization . . . . .	1,527,000	1,772,000
Investments in foreign subsidiaries not consolidated (note 1) . . .	165,000	165,000
Deferred preliminary costs, Florida Project . . . . .	1,788,000	515,000
Sundry other assets and deferred charges . . . . .	1,497,000	1,199,000
	<u>4,977,000</u>	<u>3,651,000</u>
	<u>\$238,174,000</u>	<u>\$165,038,000</u>

\*Restated for comparative purposes  
See notes to financial statements on page 29



# Walt Disney Productions and Domestic Subsidiaries

## LIABILITIES AND STOCKHOLDERS EQUITY

### CURRENT LIABILITIES

	Sept. 27, 1969	Sept. 28, 1968
Instalments due within year on notes payable (note 3) . . . . .	\$ 1,568,000	\$ 1,532,000
Accounts payable . . . . .	12,375,000	7,562,000
Advance under contract . . . . .	1,000,000	1,000,000
Payroll and employee benefits . . . . .	3,681,000	2,983,000
Property, payroll and other taxes . . . . .	3,305,000	2,897,000
Estimated taxes on income (note 4) . . . . .	9,792,000	9,057,000
Total current liabilities . . . . .	<u>31,721,000</u>	<u>25,031,000</u>

UNEARNED DEPOSITS AND RENTALS . . . . .	<u>2,332,000</u>	<u>1,881,000</u>
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### LONG TERM LIABILITIES (note 3)

5% convertible debentures . . . . .	50,000,000	
4½% convertible debentures . . . . .		40,000,000
Notes payable — less current instalments . . . . .	995,000	2,135,000
Deferred compensation . . . . .	<u>721,000</u>	<u>783,000</u>
	<u>51,716,000</u>	<u>42,918,000</u>

ESTIMATED DEFERRED INCOME TAXES (note 4) . . . . .	<u>6,200,000</u>	<u>4,900,000</u>
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### COMMITMENTS (note 9)

### STOCKHOLDERS EQUITY — per accompanying statement

Invested capital . . . . .	87,488,000	39,428,000
Accumulated earnings . . . . .	<u>58,717,000</u>	<u>50,880,000</u>
	<u>146,205,000</u>	<u>90,308,000</u>
	<u>\$238,174,000</u>	<u>\$165,038,000</u>

See notes to financial statements on page 29



## STATEMENT OF CONSOLIDATED INCOME

	Year Ended	
	Sept. 27, 1969	Sept. 28, 1968*
INCOME (note 7)		
Disneyland Park and other entertainment activities . . . . .	\$ 70,322,000	\$ 66,682,000
Theatrical films . . . . .	54,504,000	46,935,000
Television . . . . .	7,284,000	7,630,000
Other — publications, merchandise, music and records . . . . .	16,257,000	15,899,000
Total income . . . . .	<u>148,367,000</u>	<u>137,146,000</u>
COSTS AND EXPENSES		
Disneyland Park and other entertainment activities . . . . .	50,963,000	46,925,000
Amortization of theatrical and television production costs (note 2) . . . . .	15,380,000	18,296,000
Distribution costs — prints, advertising, etc. . . . .	20,363,000	17,550,000
Costs applicable to other income . . . . .	12,418,000	11,469,000
General, administrative and selling expenses . . . . .	15,665,000	14,797,000
Story, pre-production and imagineering costs abandoned . . . . .	1,074,000	2,487,000
Total costs and expenses . . . . .	<u>115,863,000</u>	<u>111,524,000</u>
INCOME BEFORE TAXES ON INCOME . . . . .	32,504,000	25,622,000
Estimated taxes on income (note 4) . . . . .	<u>16,700,000</u>	<u>12,516,000</u>
NET INCOME . . . . .	<u>\$ 15,804,000</u>	<u>\$ 13,106,000</u>
EARNINGS (note 8)		
Per common and common equivalent share . . . . .	\$3.49	\$2.94
Per common share — assuming full dilution . . . . .	\$2.88	\$2.66

\* Restated for comparative purposes  
See notes to financial statements on page 29



## STOCKHOLDERS EQUITY

	Year Ended	
	Sept. 27, 1969	Sept. 28, 1968
INVESTED CAPITAL (notes 3 and 6)		
At beginning of year . . . . .	\$ 39,428,000	\$31,596,000
Stock dividends—market value of 85,433 and 123,200 shares issued . . . . .	6,659,000	6,579,000
Stock options—proceeds from exercise for 55,840 and 31,653 shares . . . . .	2,200,000	1,253,000
Conversion of 4½% convertible debentures into 613,162 shares . . . . .	39,201,000	
At end of year . . . . .	<u>87,488,000</u>	<u>39,428,000</u>
ACCUMULATED EARNINGS (notes 3 and 6)		
At beginning of year . . . . .	50,880,000	45,614,000
Net income for the year . . . . .	15,804,000	13,106,000
Dividends paid		
In cash (30¢ per share) . . . . .	(1,308,000)	(1,261,000)
In stock. . . . .	(6,659,000)	(6,579,000)
At end of year . . . . .	<u>58,717,000</u>	<u>50,880,000</u>
 TOTAL STOCKHOLDERS EQUITY . . . . .	 <u>\$146,205,000</u>	 <u>\$90,308,000</u>
REPRESENTED BY		
Common shares, \$1.25 par value (notes 3 and 6)		
Authorized . . . . .	20,000,000	7,500,000
Issued and outstanding (adjusted for stock dividends) . . . . .	5,015,932	4,346,930

See notes to financial statements on page 29



## SOURCES AND USES OF CONSOLIDATED WORKING CAPITAL

	Year Ended	
	Sept. 27, 1969	Sept. 28, 1968*
WORKING CAPITAL CAME FROM		
Operations		
Net income . . . . .	\$15,804,000	\$13,106,000
Depreciation and patents amortization . . . . .	7,404,000	6,849,000
Deferred income taxes . . . . .	1,300,000	1,700,000
Total from operations . . . . .	24,508,000	21,655,000
Proceeds from exercise of stock options . . . . .	2,200,000	1,253,000
Sale of 5% convertible debentures . . . . .	50,000,000	
Sale of 4½ % convertible debentures . . . . .		40,000,000
	<u>76,708,000</u>	<u>62,908,000</u>
WORKING CAPITAL WAS USED FOR		
Additions to		
Entertainment attractions and facilities . . . . .	7,829,000	2,709,000
Studio buildings, equipment and other properties . . . . .	1,797,000	2,812,000
Construction in progress, Florida Project . . . . .	20,818,000	12,516,000
	<u>30,444,000</u>	<u>18,037,000</u>
Payments on long term borrowings . . . . .	1,140,000	11,568,000
Cash dividends . . . . .	1,308,000	1,261,000
Other . . . . .	1,981,000	892,000
	<u>34,873,000</u>	<u>31,758,000</u>
INCREASE IN WORKING CAPITAL . . . . .	<u>\$41,835,000</u>	<u>\$31,150,000</u>
WORKING CAPITAL AT END OF YEAR . . . . .	<u>\$94,396,000</u>	<u>\$52,561,000</u>

\* Restated for comparative purposes  
See notes to financial statements on page 29

### Opinion of Independent Accountants

To the Board of Directors and Stockholders of  
Walt Disney Productions

In our opinion, the accompanying consolidated balance sheet, the related statements of consolidated income and stockholders equity and the statement of sources and uses of consolidated working capital present fairly the financial position of Walt Disney Productions and domestic subsidiaries at September 27, 1969, the results of their operations and the supplementary information on sources and uses of working capital for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Los Angeles, California  
December 3, 1969



## NOTES TO FINANCIAL STATEMENTS

### Note 1 PRINCIPLES OF CONSOLIDATION

The accounts of domestic subsidiaries, all wholly-owned, have been consolidated in the accompanying financial statements and all significant intercompany transactions have been eliminated.

The accounts of foreign subsidiaries have not been consolidated. These companies produce and distribute pictures, carry on the company's character merchandising business and publish music in various countries. As at year end, these subsidiaries had total assets of \$3,238,000 and net assets of \$832,000. The company's equity in these net assets exceeded the carrying value of its investments therein by \$667,000. During the year ended September 27, 1969 the net income of these unconsolidated subsidiaries amounted to approximately \$501,000; dividends received from them totaled \$152,000 which amount has been included in other income.

### Note 2 INVENTORIES AND FILM AMORTIZATION

Costs of completed theatrical and television productions are amortized by charges to income in the proportion that the producer's share of income (film rentals less distribution, print, co-producer participation and advertising costs) received by the company for each production bears to the estimated total of such income to be received. Such estimates of total income are reviewed periodically and amortization is adjusted accordingly.

### Note 3 LONG TERM LIABILITIES

On March 1, 1969, the company issued \$50,000,000 of 5% convertible subordinated debentures due March 1, 1994. At the option of the holders the debentures are convertible into common stock at any time at \$90 per share for a total of 555,556 shares. The indenture relating to the debentures provides for annual payments of \$1,800,000 into a sinking fund for retirement of the debentures beginning in 1980. The debentures are subject to redemption at any time at the election of the company at prices ranging from 105% of principal amount in 1969 to 100% of principal amount in 1989 and thereafter.

Current notes payable include an unsecured note in the amount of \$1,250,000 payable in 1970, with interest at 5.9% per annum. The agreement underlying the note contains a requirement for the company and its domestic subsidiaries to maintain a minimum of \$20,000,000 working capital.

The remaining notes, certain of which are secured by land and other properties, are payable in instalments with varying maturities to 1980 with interest payable at rates varying from 4% to 14% over the prime rate.

On May 1, 1968 the company entered into a credit agreement with a bank providing for a revolving line of credit of up to \$50,000,000. Although no borrowings against the line are likely until the fall of 1970, under the terms of the agreement the company must maintain cash balances of no less than \$6,250,000 and a minimum level of net worth which restricts \$1,967,000 of the accumulated earnings at September 27, 1969 as to the payment of cash dividends.

The accompanying financial statements give effect to the issuance as of September 27, 1969 of 613,162 shares of common stock to be issued pursuant to conversion at \$85 per share of substantially all of the company's \$40,000,000 issue of 4½% convertible subordinated debentures due January 15, 1993 which were called for redemption on October 2, 1969.

### Note 4 ESTIMATED INCOME TAXES

The company has settled its Federal income tax liability for the fiscal years through 1967.

The estimated deferred income taxes on the accompanying balance sheet (including \$1,300,000 provided during the current year) represent taxes which will not become payable until future years due to the excess depreciation for tax purposes over depreciation on the straight line method used for financial statement purposes and other timing differences.

### Note 5 PENSION PLANS

The company has a pension plan covering substantially all of its employees not covered separately by various union or industry pension plans. The plan is funded by company and employee contributions to a trust administered by a bank. Payments by the company under the plan for the year of \$640,000 include \$155,000 toward payment of the actuarially computed past service cost under a schedule which will require nineteen years more to complete. The company has no past service liability under the various union and industry plans.

One of the company's subsidiaries has a profit sharing pension plan in which the participants are substantially all employees of the subsidiary with more than one year's service. Payments under the plan by the subsidiary amounted to \$425,000 for the year.

### Note 6 STOCKHOLDERS EQUITY

A 2% stock dividend paid to holders of record on December 2, 1968 resulted in a \$6,659,000 transfer from accumulated earnings to invested capital. Subsequent to year end, a 2% stock dividend was declared to holders of record on December 1, 1969.

On February 4, 1969 the stockholders approved an increase in the authorized shares of common stock to 20,000,000 shares and authorized 5,000,000 shares of \$20 par value preferred stock.

A qualified stock option plan approved by the stockholders during 1967 provided for granting options for a maximum of 419,404 shares of the company's common stock to key executive, management and creative personnel prior to December 27, 1976. Transactions in outstanding options under the Plan during the year were as follows:

	Number of Shares	
	Options Granted	Available for Grant
Balance at September 29, 1968 (72,269 exercisable)	367,806	12,541
Added for January 2, 1969 2% stock dividend	7,114	289
Cancelled by employment terminations	(11,140)	11,140
Granted during the year	21,400	(21,400)
Exercised during the year	(55,840)	
Balance at September 27, 1969 (114,008 exercisable)	329,340	2,570

Prices of options outstanding at year end range from \$38.82 to \$87.50 per share; options exercised ranged from \$38.82 to \$52.70 per share. These prices represent market value on the dates granted as adjusted for stock dividends.

### Note 7 ACCOUNTING FOR INCOME

The company records foreign income at the time of receipt of remittances in United States dollars or at the time of expenditures of foreign currencies abroad for the account of the company. At September 27, 1969 and September 28, 1968, there were at current rates of exchange approximately \$2,770,000 and \$2,620,000 (before co-producer participation, film production cost amortization and income taxes) in foreign countries representing income which has not been recorded as assets or as income in the accompanying financial statements.

### Note 8 EARNINGS PER SHARE

Earnings per common and common equivalent share have been computed on the basis of the average number of shares outstanding during each year. In addition it was assumed that all stock options had been exercised at the beginning of the year and that the proceeds had been used to purchase shares of the company's common stock at the average market price during the year.

Earnings per common share — assuming full dilution — are based upon the assumption that, in addition to the exercise of the stock options, all convertible debentures had been converted into common stock on the dates of their issuance.

If the 4½% convertible debentures (Note 3) had been converted at the beginning of the most recent fiscal year, earnings per share would have been \$3.07 for 1969.

### Note 9 COMMITMENTS

In 1968 the company's wholly-owned subsidiary, Walt Disney World Co., entered into drainage service agreements with Reedy Creek Improvement District (a governmental unit of the State of Florida) requiring minimum annual payments to the District of approximately \$900,000 for the next 31 years. These payments are guaranteed by Walt Disney Productions.

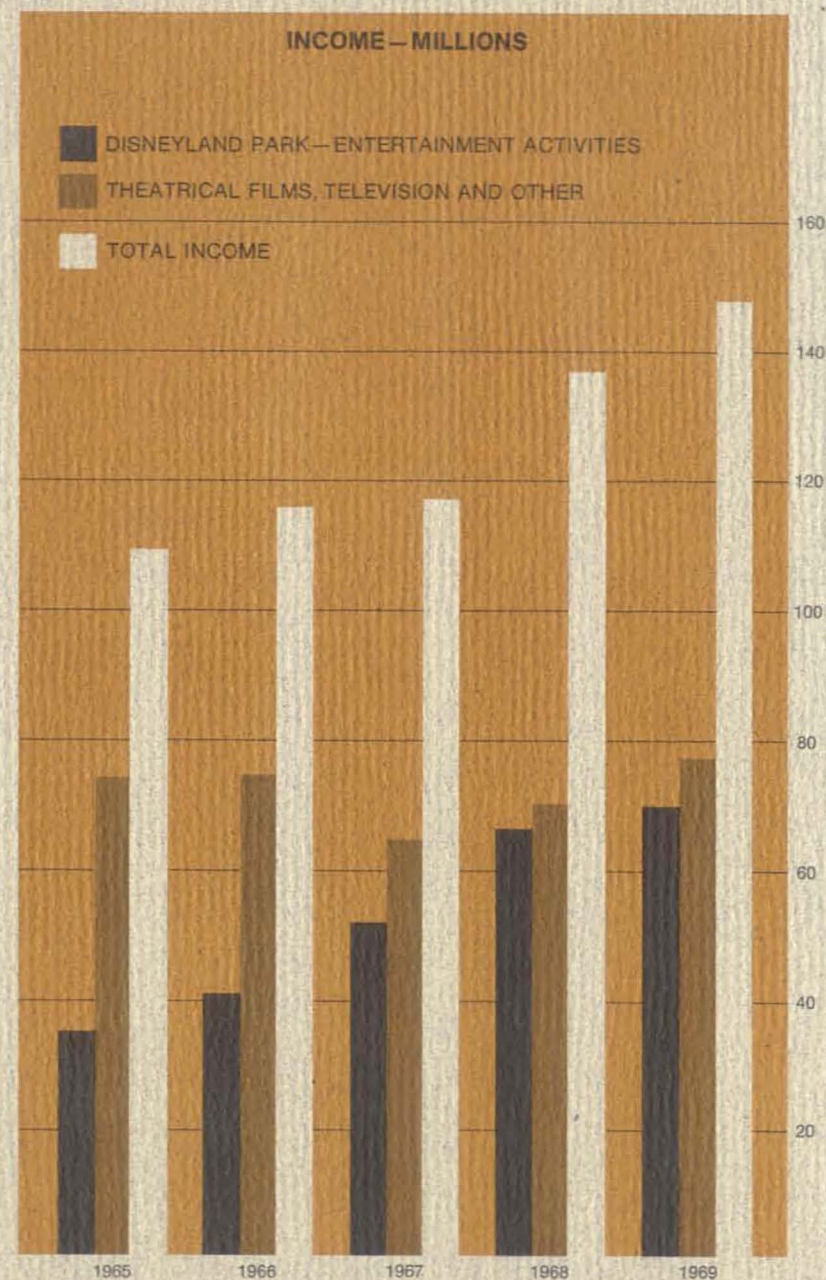
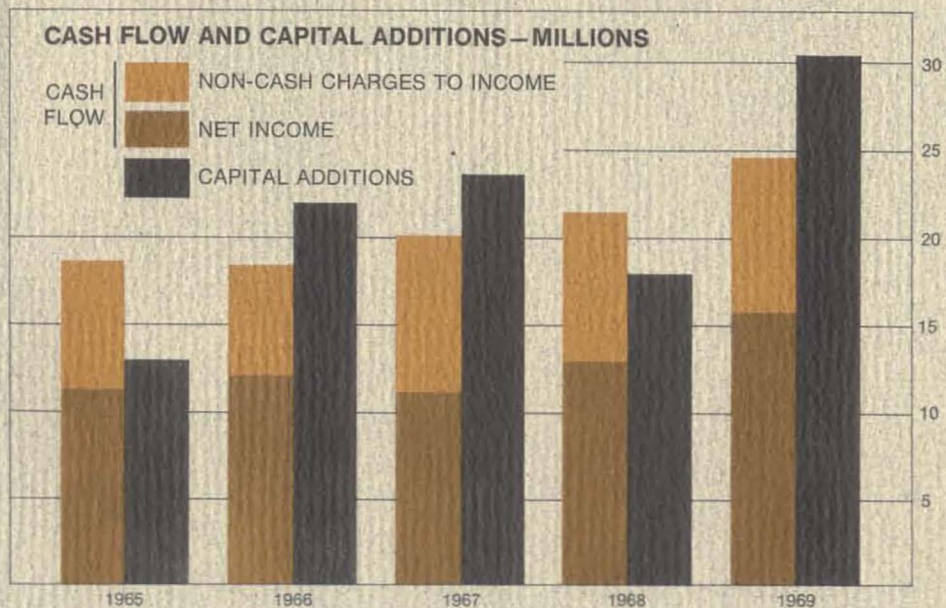
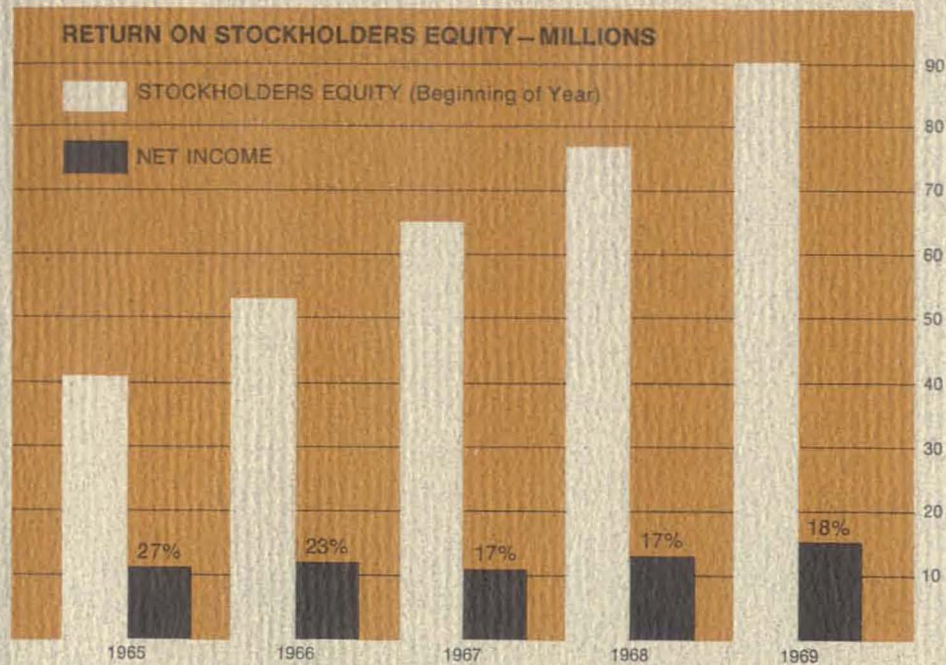
United States Steel Corporation has recently agreed in principle to construct two major resort hotels on the company's property in Florida; these hotels are to be owned by U. S. Steel and leased on a long-term basis to an operating subsidiary of the company.



# **FIVE YEAR REVIEW** (000 omitted from dollar amounts except for per share amounts)

FISCAL YEARS ENDED	1969	1968	1967	1966	1965
<b>OPERATIONS</b>					
Total income . . . . .	148,367	137,146	117,486	116,543	109,947
Income before taxes . . . . .	32,504	25,622	20,334	23,463	22,256
Taxes on income . . . . .	16,700	12,516	9,067	11,071	10,877
Net income . . . . .	15,804	13,106	11,267	12,392	11,379
Cash dividends . . . . .	1,308	1,261	812	771	737
Stock dividends . . . . .	2%	3%	3%	3%	3%
Retained in business . . . . .	14,496	11,845	10,455	11,621	10,642
Depreciation and patents amortization . . . . .	7,404	6,849	7,854	5,800	7,474
Net income					
Percent of total income . . . . .	10.7%	9.6%	9.6%	10.6%	10.3%
Percent of stockholders equity (beginning of year) . . . . .	17.5%	17.0%	17.2%	23.3%	27.4%
Per common and common equivalent share . . . . .	3.49	2.94	2.60	2.92	2.72
Cash dividends per share					
(on shares outstanding during the year) . . . . .	.30	.30	.20	.20	.20
<b>YEAR END FINANCIAL POSITION</b>					
Current assets . . . . .	126,117	77,592	43,429	38,090	43,501
Working capital . . . . .	94,396	52,561	21,411	16,911	21,574
Entertainment attractions and facilities . . . . .	86,049	78,361	75,768	54,701	45,768
Studio buildings, equipment and other properties . . . . .	23,137	21,570	19,020	18,286	13,857
Construction in progress, Florida Project . . . . .	33,984	13,262	1,173	151	
Accumulated depreciation . . . . .	48,199	41,554	35,518	28,687	31,228
Total assets . . . . .	238,174	165,038	118,628	98,466	88,154
Stockholders equity . . . . .	146,205	90,308	77,210	65,573	53,125
Per share . . . . .	32.25	20.23	17.84	15.45	12.69
Average number of common and common equivalent shares outstanding during the year . . . . .	4,533	4,465	4,328	4,244	4,188







## PARENT COMPANY

### WALT DISNEY PRODUCTIONS

500 So. Buena Vista Street, Burbank, California  
*Produces motion pictures for theatrical and television distribution—operates Disneyland Park—operates Celebrity Sports Center—conducts ancillary activities.*

## DOMESTIC SUBSIDIARIES

### BUENA VISTA DISTRIBUTION COMPANY, INC.

Irving H. Ludwig—President  
*Distributes, syndicates and sells only the product of Walt Disney Productions comprised of 35mm theatrical film, television shows and records and albums.*

### BUENA VISTA INTERNATIONAL, INC.

Edmund F. Clarke—President  
*Supervises the distribution of Walt Disney Productions 35mm theatrical film, 16mm film and television shows in foreign countries.*

### WALT DISNEY MUSIC COMPANY

James A. Johnson—President  
*Music Publishing—ASCAP affiliate.*

### WONDERLAND MUSIC COMPANY, INC.

James A. Johnson—President  
*Music Publishing—BMI affiliate.*

### WED ENTERPRISES, INC., AND ITS SUBSIDIARY MAPO, INC.

Joseph W. Fowler—Chairman of the Board  
Orbin V. Melton—President—Chief Administration Officer  
Richard F. Irvine—Vice Chairman of the Board—  
Executive Vice President—Chief Operations Officer  
John C. Hench—Vice President—Production  
*Imagineers, creates, designs and fabricates new projects.*

### WALT DISNEY WORLD CO.

Donn B. Tatum—President  
William E. Potter—Vice President—EPCOT Planning  
Robert P. Foster—Vice President—General Counsel  
*Florida Project.*

### WALT DISNEY EDUCATIONAL MATERIALS COMPANY

Carl Nater—President  
*Distributor—16mm Film and Educational Materials*

## CORPORATE OFFICERS

Roy O. Disney	Chairman of the Board
Donn B. Tatum	President and Vice Chairman of the Board
E. Cardon Walker	Executive Vice President and Chief Operating Officer
Joseph W. Fowler	Senior Vice President—Engineering and Construction
William H. Anderson	Vice President—Production and Studio Operations
Nolan Browning	Vice President—Finance—Florida Project
Bonar Dyer	Vice President—Industrial Relations
Vincent H. Jefferds	Vice President—Sales Promotion
Oliver B. Johnston	Vice President—Merchandising
Ronald W. Miller	Vice President—Executive Producer
Richard T. Morrow	Vice President—General Counsel
Richard A. Nunis	Vice President—Disneyland Operations
Spencer C. Olin	Vice President—Copyrights, Patents, Trademarks and General Attorney
Franklin Waldheim	Vice President and Eastern Counsel
Luther R. Marr	Secretary—Legal
Michael L. Bagnall	Assistant Secretary
Lawrence E. Tryon	Treasurer
Donald A. Escen	Assistant Treasurer and Controller
Leland L. Kirk	Assistant Secretary-Treasurer
Bruce F. Johnson	Assistant Controller
William T. Bertagna	Assistant Controller

STOCK TRANSFER AGENTS: Bank of America, N. T. & S. A., Los Angeles, California; Bankers Trust Company, New York, N.Y.

STOCK REGISTRARS: United California Bank, Los Angeles, California; First National City Bank, New York, N.Y.

STOCK EXCHANGES: The common stock of the Company is listed for trading on the New York and Pacific Coast Stock Exchanges.

INDEPENDENT ACCOUNTANTS: Price Waterhouse & Co., Los Angeles, California.

ANNUAL MEETING OF STOCKHOLDERS: First Tuesday in February.

This report is distributed for the information of stockholders and employees of the Company. It is not to be considered either as a prospectus or circular in connection with the purchase and/or sale of securities nor is it to be considered a part of the proxy soliciting material of the Company for the annual meeting of its stockholders.

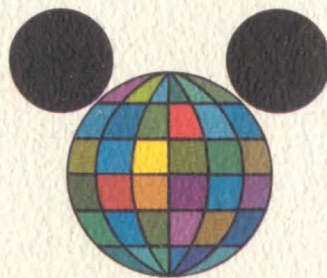






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